

**DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBERS: 05-0206, 05-0207
CORPORATE INCOME TAX
For Years 2000-2002**

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ISSUES

I. Gross Income Tax – Consolidated Returns

Authority: Ind. Code § 6-2.1-5-5

Taxpayers protest the disallowance of consolidated returns between two entities

STATEMENT OF FACTS

Taxpayers are two companies that are registered to do business in Indiana. Taxpayers are wholly owned subsidiaries of a parent corporation that is not registered to do business in Indiana. Taxpayers filed consolidated gross income tax returns for the years in question, but did not file consolidated adjusted gross income tax returns. However, upon review, the Department disallowed the consolidation for gross income tax purposes and assessed additional tax and penalty.

I. Gross Income Tax – Consolidated Returns

DISCUSSION

Taxpayers argue that, because they are wholly owned by a common corporation, they meet the affiliation test provided by Ind. Code § 6-2.1-5-5, which provides a statutory test for eligibility for consolidation. In this case, Taxpayers have provided sufficient information to conclude that the protest should be sustained.

FINDING

The taxpayer is sustained.